

Understanding the Demand Side of the Low-Wage Labor Market

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Project Goals

Improve our understanding of the entry-level and low-wage labor market from the *employers'* perspective.

- What is the job market for TANF recipients and other less-skilled workers?
- What are the characteristics of employers filling these jobs?
- What are the employers looking for from prospective workers?
- Are there important differences between jobs in the low-wage labor market?

Survey of Employers in the Low-Skill Labor Market

- National sample of private-sector employers with 4 or more workers.
- Screen for employers that have filled a noncollege position in the past 2 years.
- Ask about the hiring process, employer characteristics, worker characteristics, job requirements, job attributes, and worker performance.

Survey of Employers in the Low-Skill Labor Market (continued)

- Final sample: 1,060 employers; response rate = 54%.
- Sample weights to obtain representative statistics about (1) employers and (2) recently filled noncollege jobs.
- Data presented here reflect recently filled noncollege jobs and the workers that fill them.

Characteristics of Firms Filling Noncollege Jobs

Characteristic	Percent
Size (n=1060)	
4-19	13.2
20-99	33.4
100-499	20.6
500+	32.7
Location (n=1060)	
Non-rural area	85.5
Rural area	14.5
Distance from public transportation (n=1009)	
Less than a quarter mile	59.1
Quarter of a mile to a mile	15.2
More than a mile	13.9
No public transportation	11.8
Minority or Woman Owned (n=1019)	19.1

Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Characteristics of Firms Filling Noncollege Jobs

Characteristic	Percent
Industry (n=1060)	
Construction	7.7
Manufacturing	17.2
Retail Trade	19.7
Health Services	12.4
Other Services	26.5
All Others	16.4

Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Characteristics of Workers in Recently Filled Noncollege Jobs

	All (%)
Sex (n=1050)	
Male	48.1
Female	51.9
Race/ethnicity (n=985)	
White, Non-Hispanic	67.9
Black, Non-Hispanic	13.6
Hispanic	14.6
Other	3.9
Immigrant Status (n=998)	
Immigrant	6.0
Non-Immigrant	94.0
Age (n=968)	
Less than 25	23.0
25 to 44	60.9
45 or Older	16.1
Education (n=961)	
Less than HS	8.5
HS/GED	70.4
Some College	15.5
Associate, College, Graduate, or Professional Degree	5.6

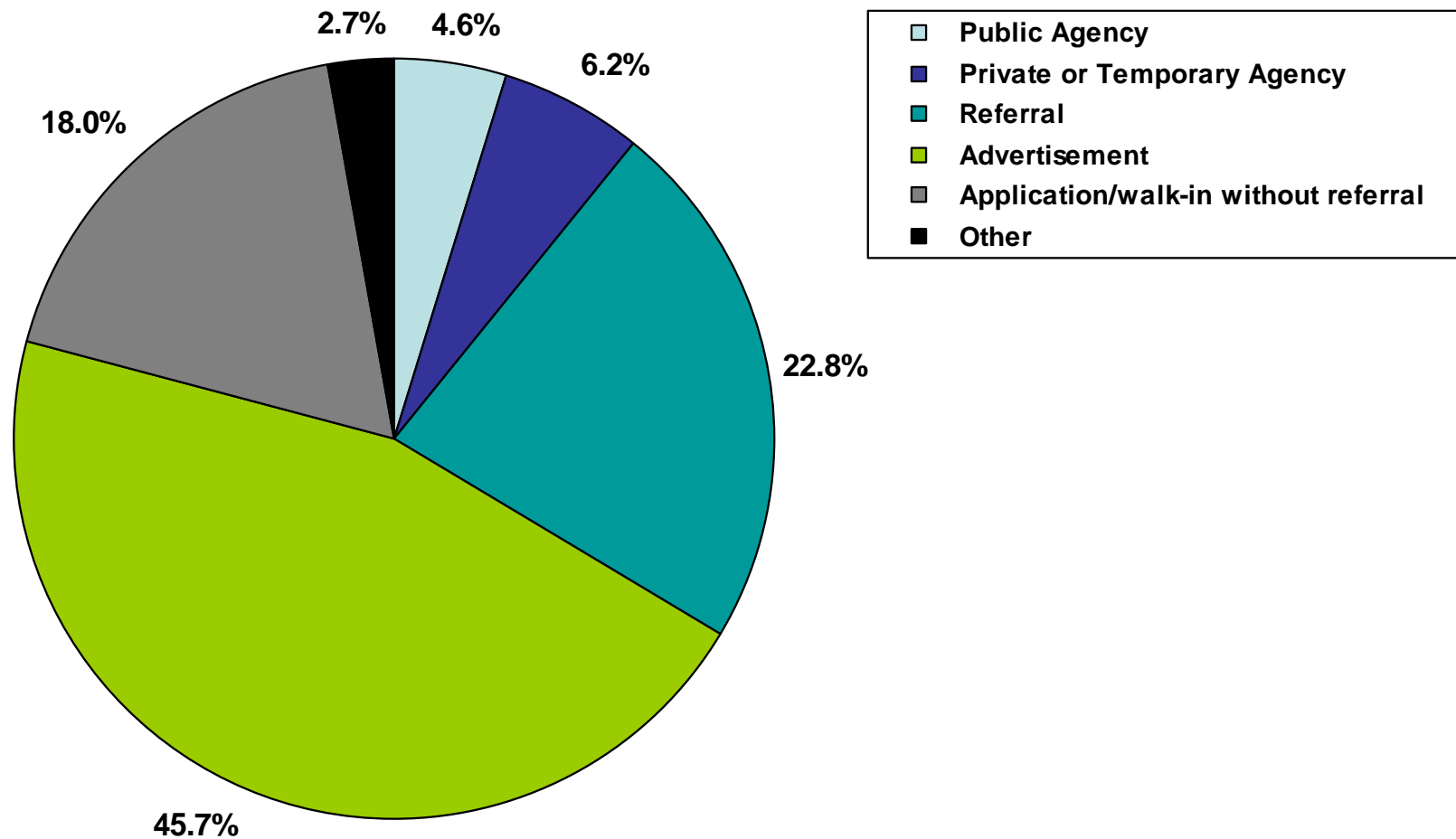
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Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

7 Key Questions

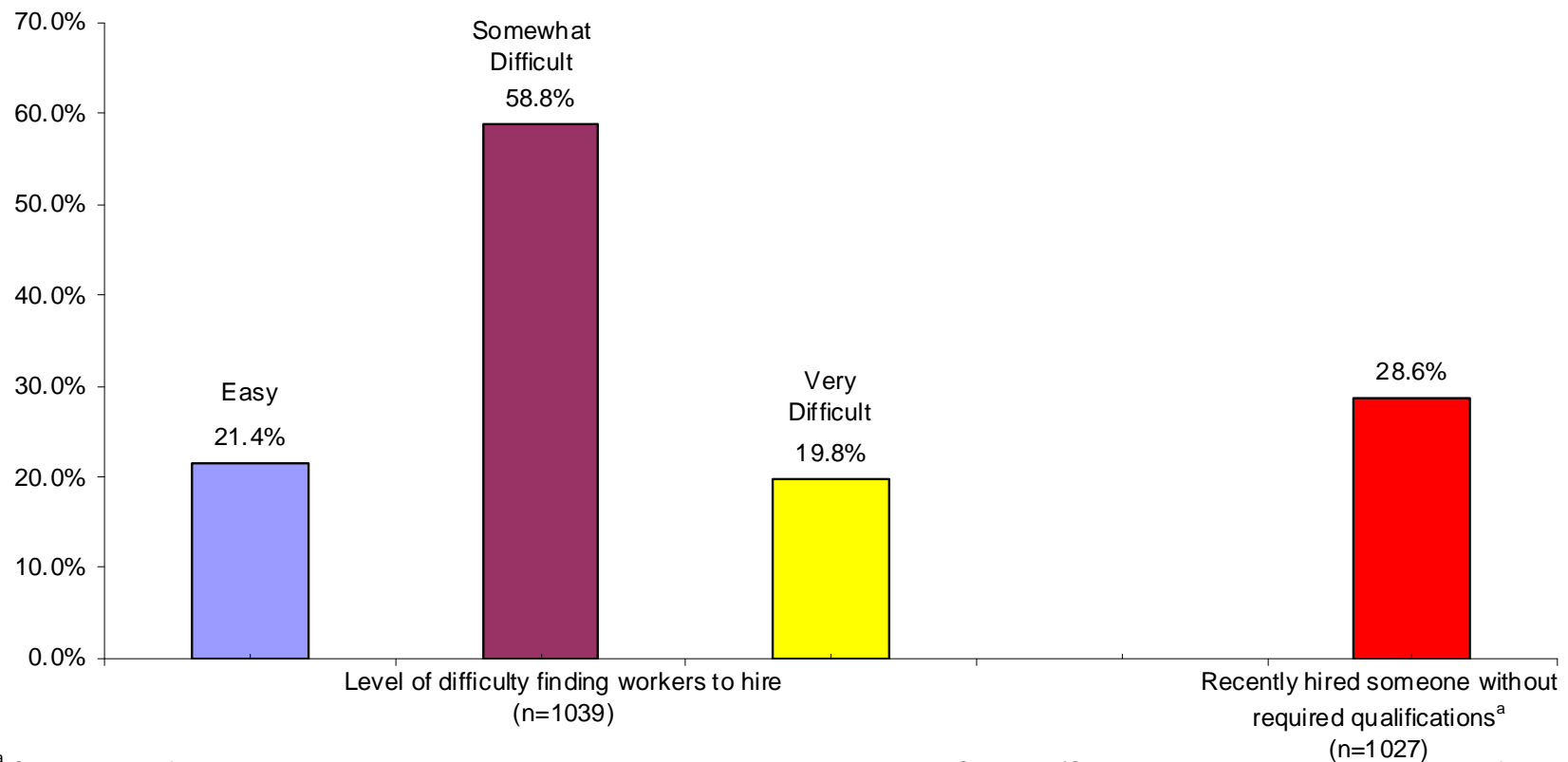
- How are noncollege jobs filled?
- What are employers looking for in noncollege hires?
- What skills do noncollege jobs require?
- What do noncollege jobs pay and which ones pay more?
- What benefits do noncollege jobs provide?
- How do workers perform in noncollege jobs?
- What are the most important factors for landing a better job?

Method Employer Used to Identify Employee for Recently Filled Noncollege Job



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

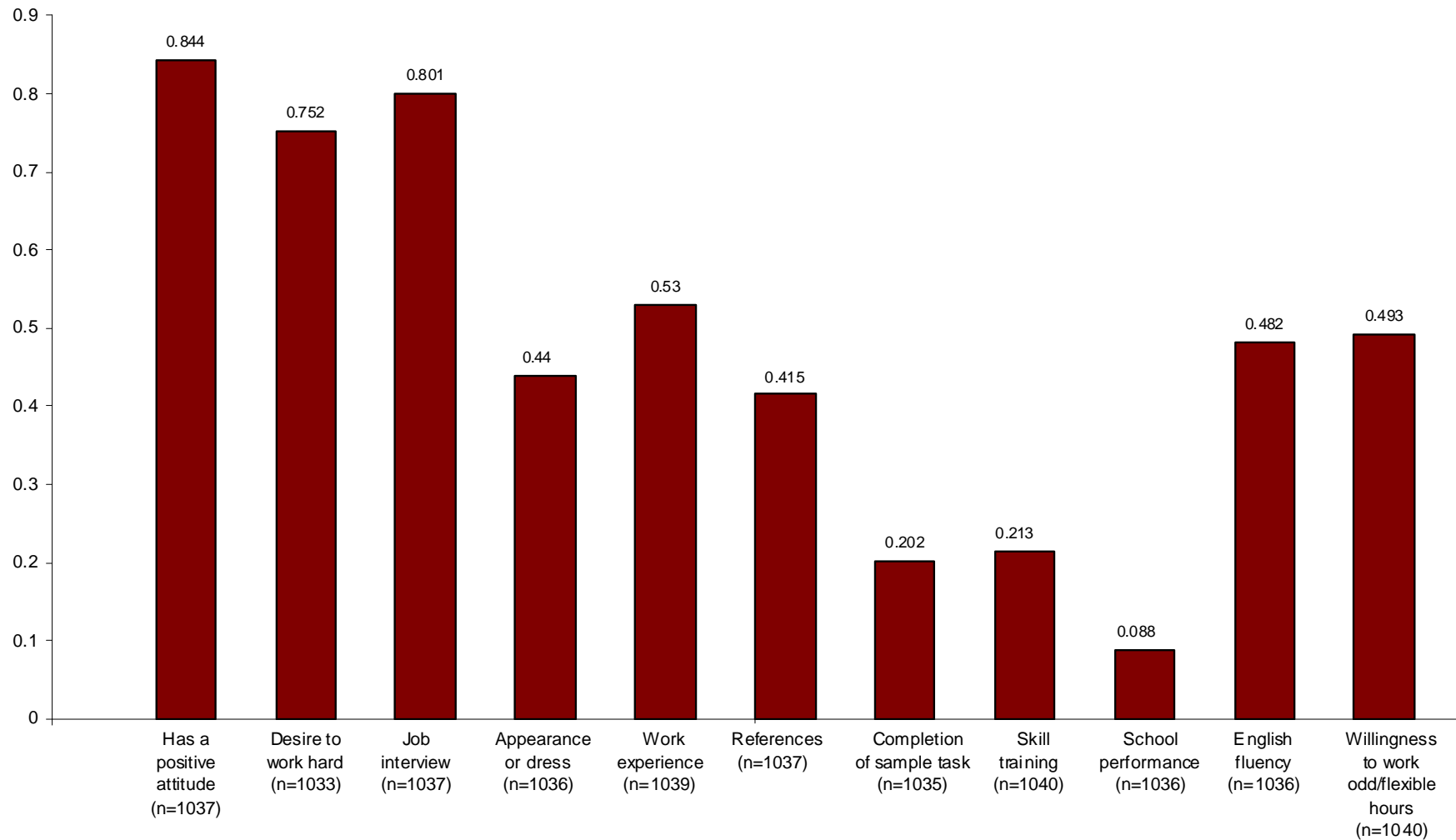
Difficulty Finding Workers for Noncollege Jobs



^a Question asks if in the past two years employer has hired someone into a position requiring HS diploma/GED degree or less who did not meet all of usual qualifications because really needed the employee

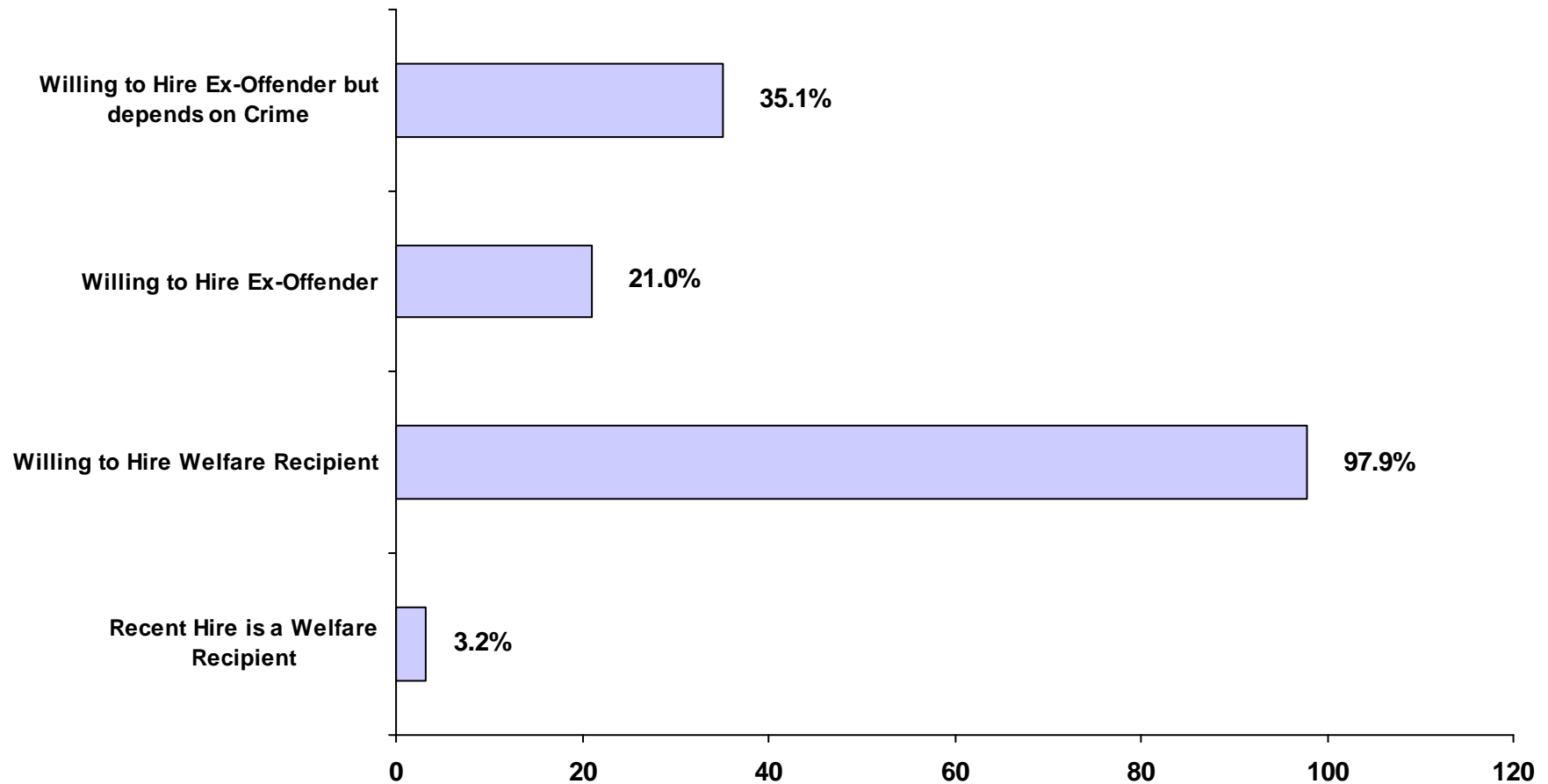
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Important Factors in Employer Hiring for Recently Filled Noncollege Jobs



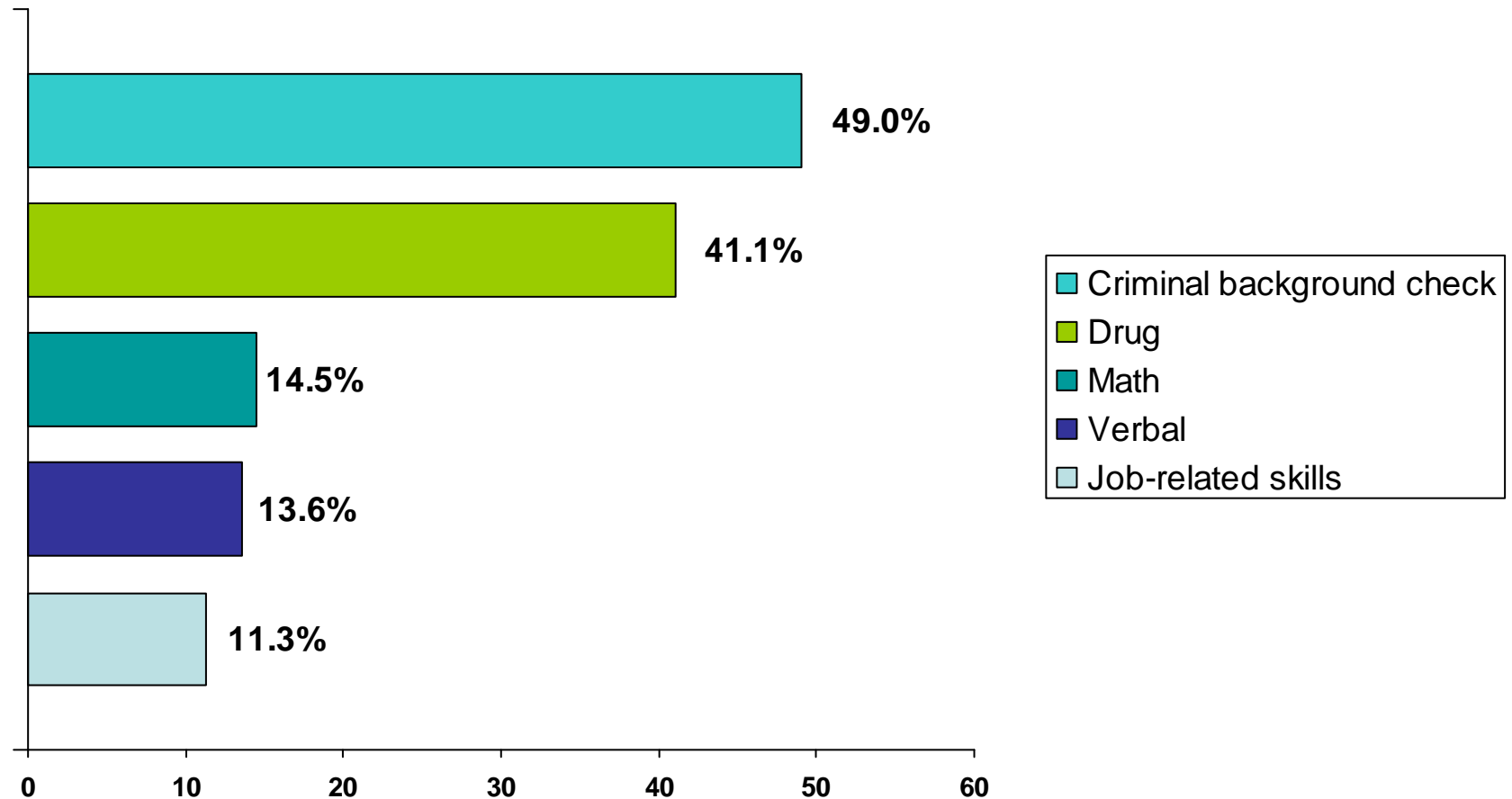
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Employer Willingness to Hire Disadvantaged Workers for Noncollege Jobs



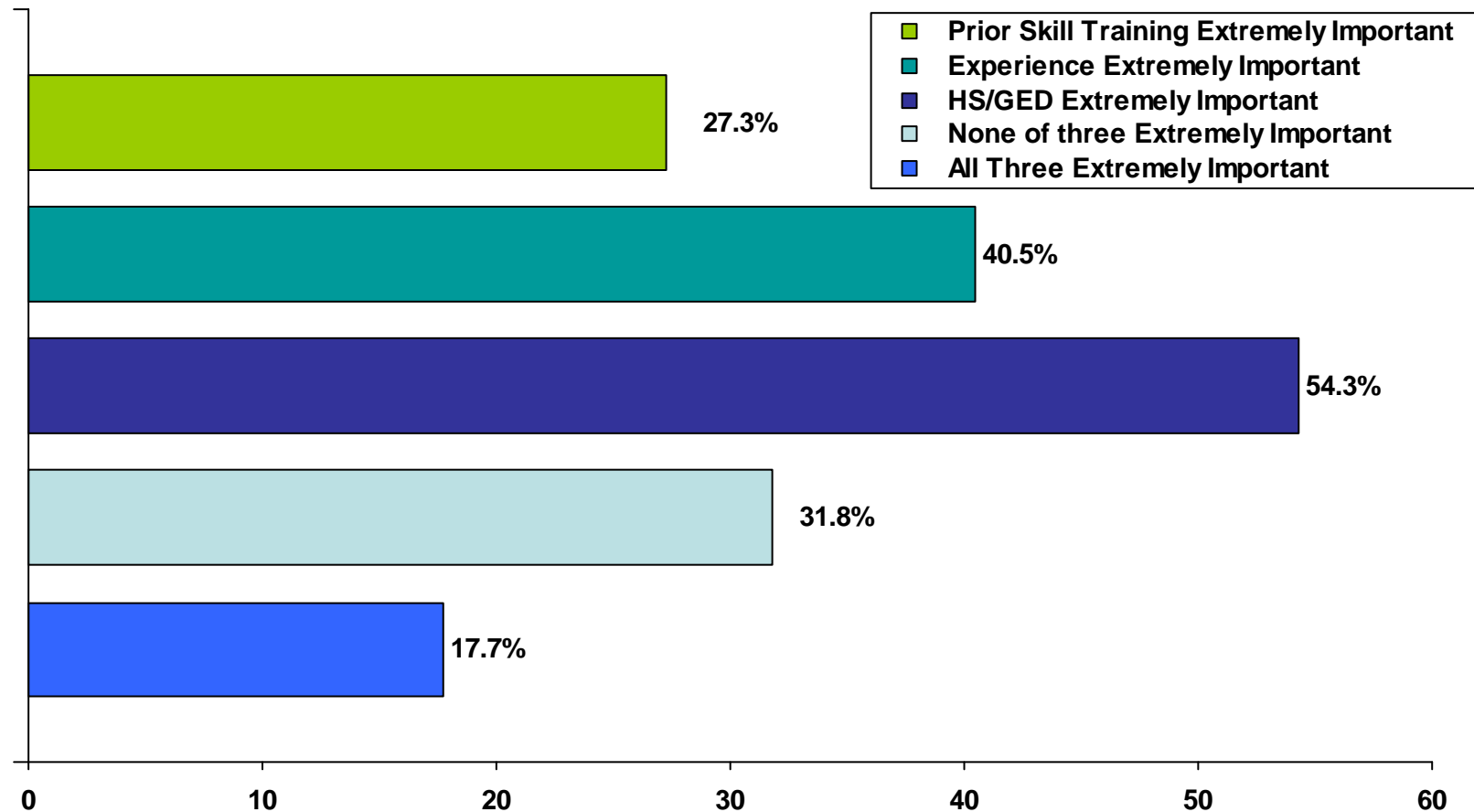
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Testing and Checks on Recently Hired Workers for Noncollege Jobs



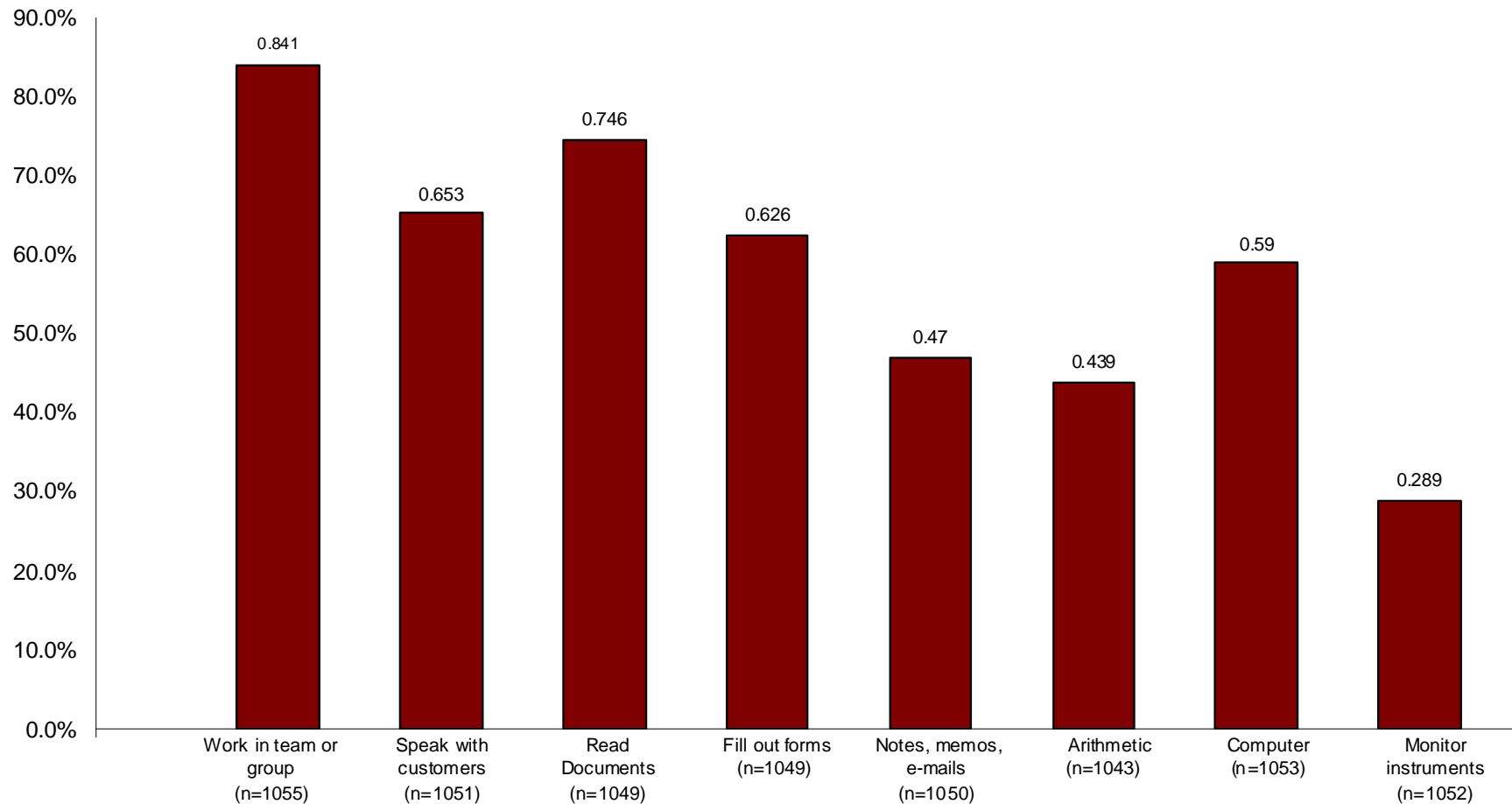
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

What Skills do Noncollege Jobs Require?



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Frequency of Specific Tasks for Recently Filled Noncollege Job



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Hourly Wages of Recently Filled Noncollege Jobs

- **Average hourly wage = \$12.30**
- **25th percentile \$8.50**
- **50th percentile \$11.00**
- **75th percentile \$14.50**
- **90th percentile \$20.63**

Specific Factors Associated with Higher Paying Noncollege Jobs

(controlling for worker and employer characteristics)

Job-Specific Factor:

Percent

Job-specific experience extremely important

+12

Skills training extremely important

+15

High school extremely important

not significant

Skill Required Daily:

Writing

+8

Using computer

+7

Monitoring instruments

+14

Arithmetic

-6

Reading; Speaking; Working in group

not significant

Worker Characteristics Associated with Higher Paying Noncollege Jobs

(controlling for job-specific and employer characteristics)

<u>Worker Characteristic</u>	<u>Percent</u>
Men vs. Women	+14
Black vs. White	-12
Age <25 vs. 45+	-25
College vs. High school	+21
< High school vs. High school	not significant
Specific skills training	not significant

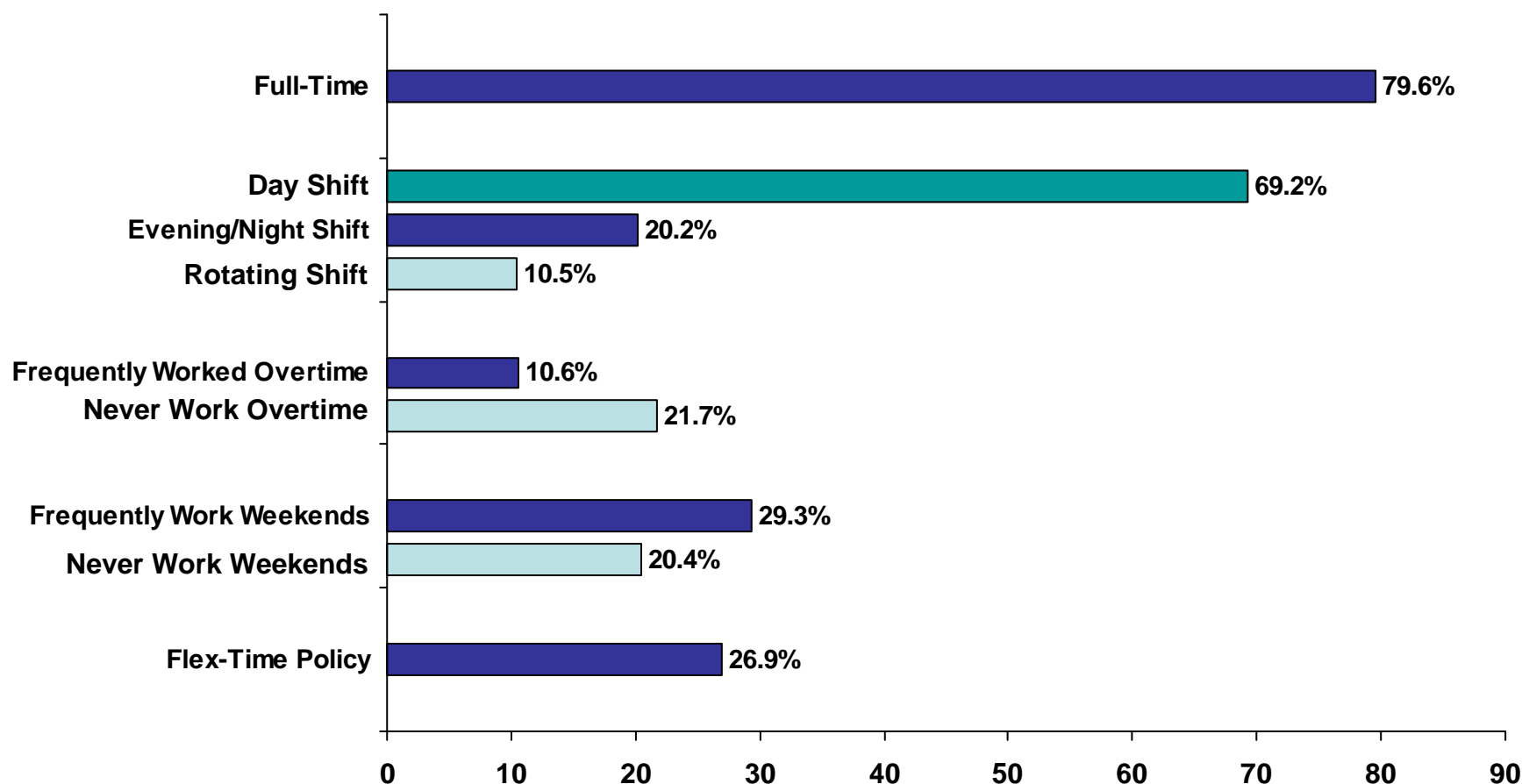
Employer Characteristics Associated with Higher Paying Noncollege Jobs

(controlling for job-specific and employer characteristics)

<u>Employer Characteristic</u>	<u>Percent</u>
• Small firm (<100)	-6
Rural location	-12
Nonprofit	-8
Nonunion	-13
Industry (vs. manufacturing)	
Construction	+15
Retail trade	-17
Services	not significant
Part-time hours	-11

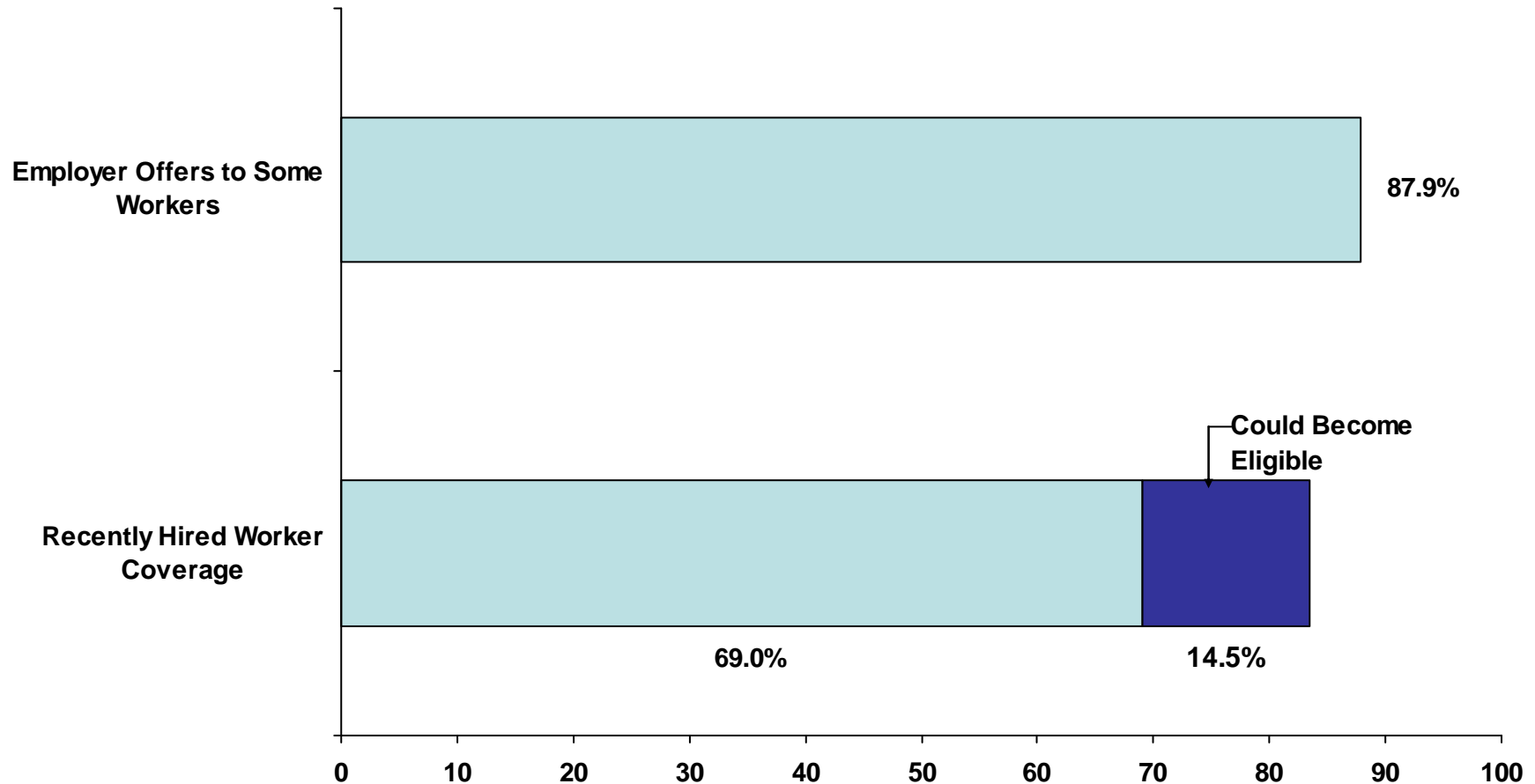
Also not significant : formal training, flex-time policies, excellent chance of promotion, method used in hiring

Work Schedules of Employees Recently Hired Into Noncollege Jobs



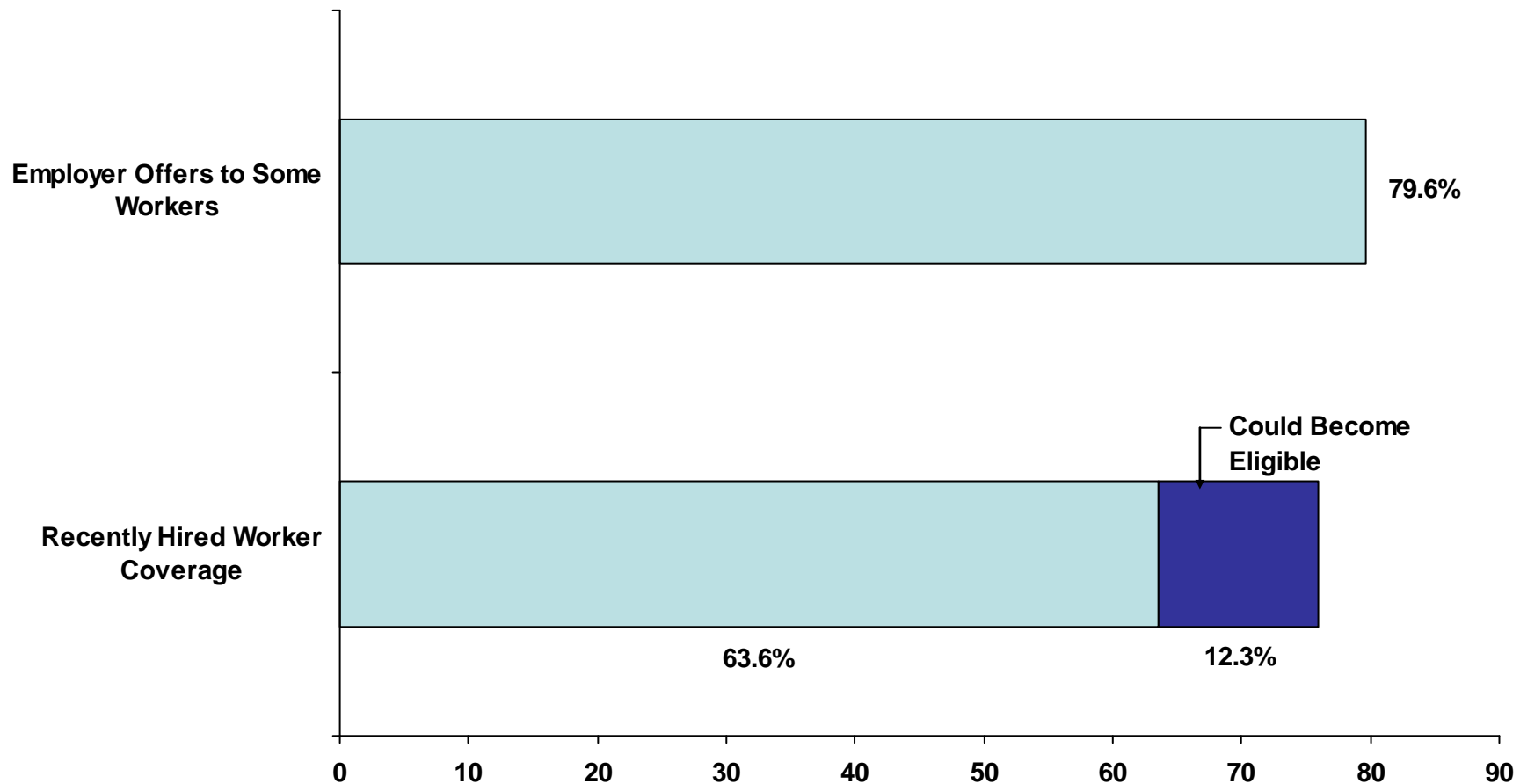
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Health Insurance Coverage of Employees Recently Hired into Noncollege Jobs



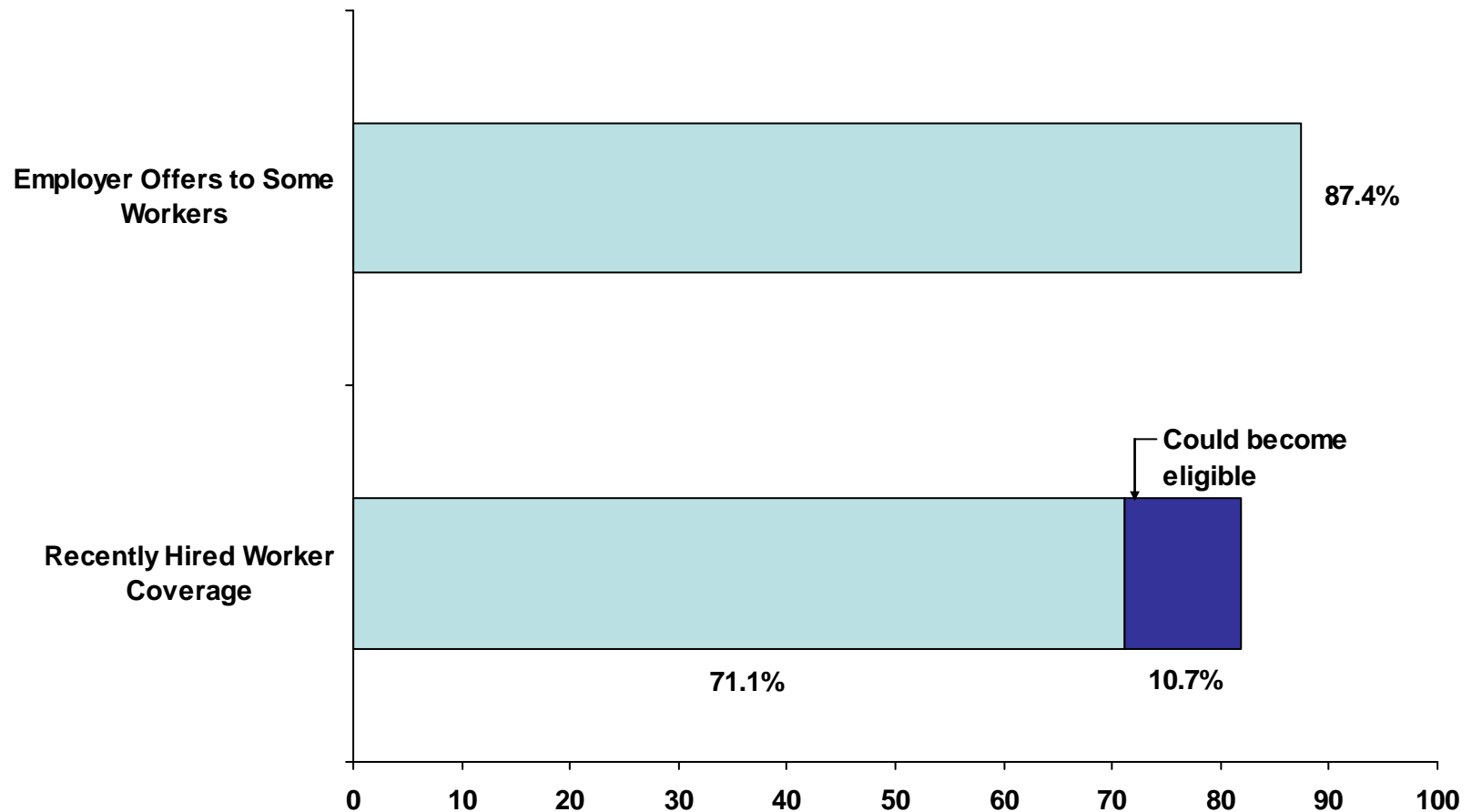
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Pension Coverage of Employees Recently Hired into Noncollege Jobs



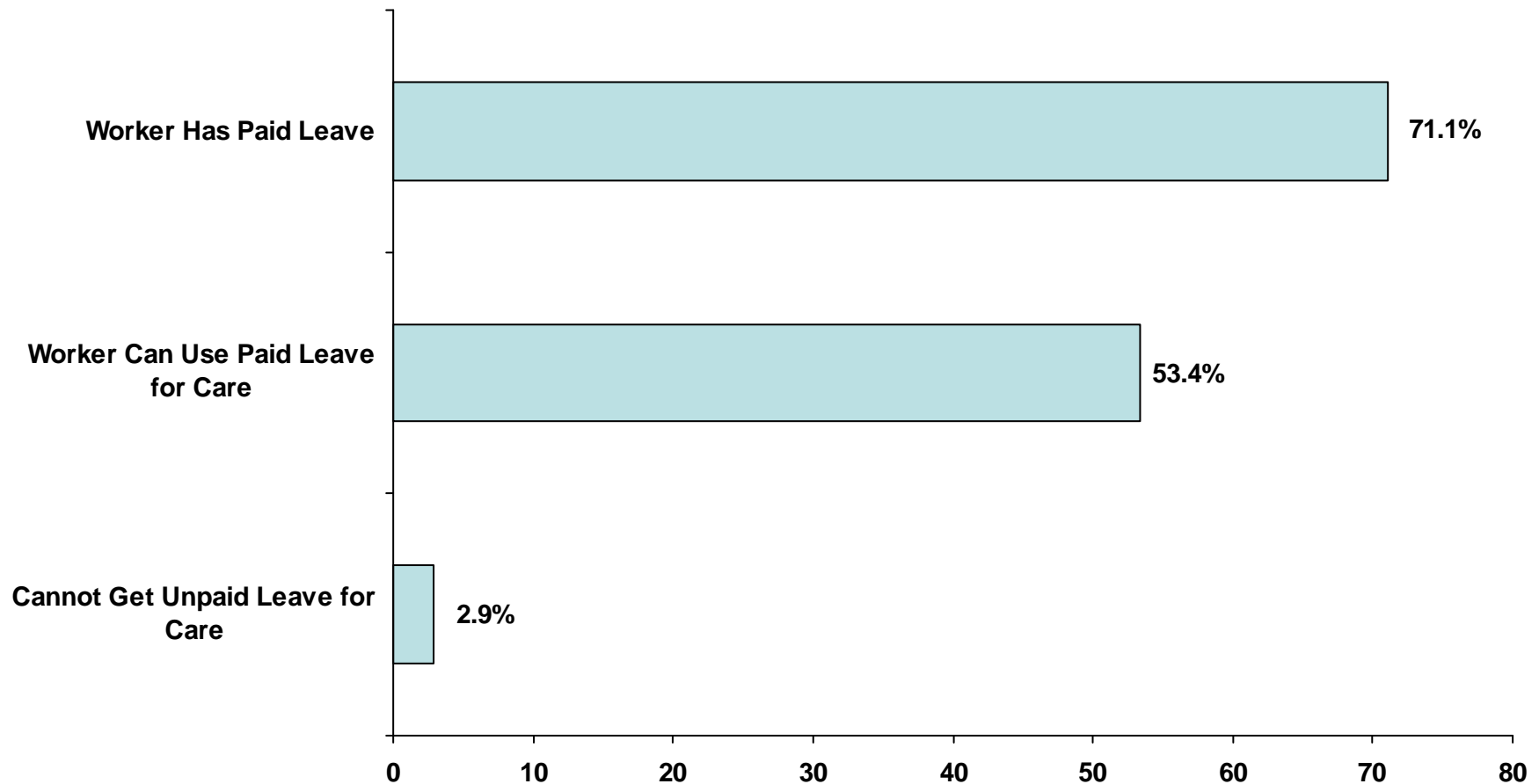
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Paid Leave Coverage of Employees Recently Hired into Noncollege Jobs



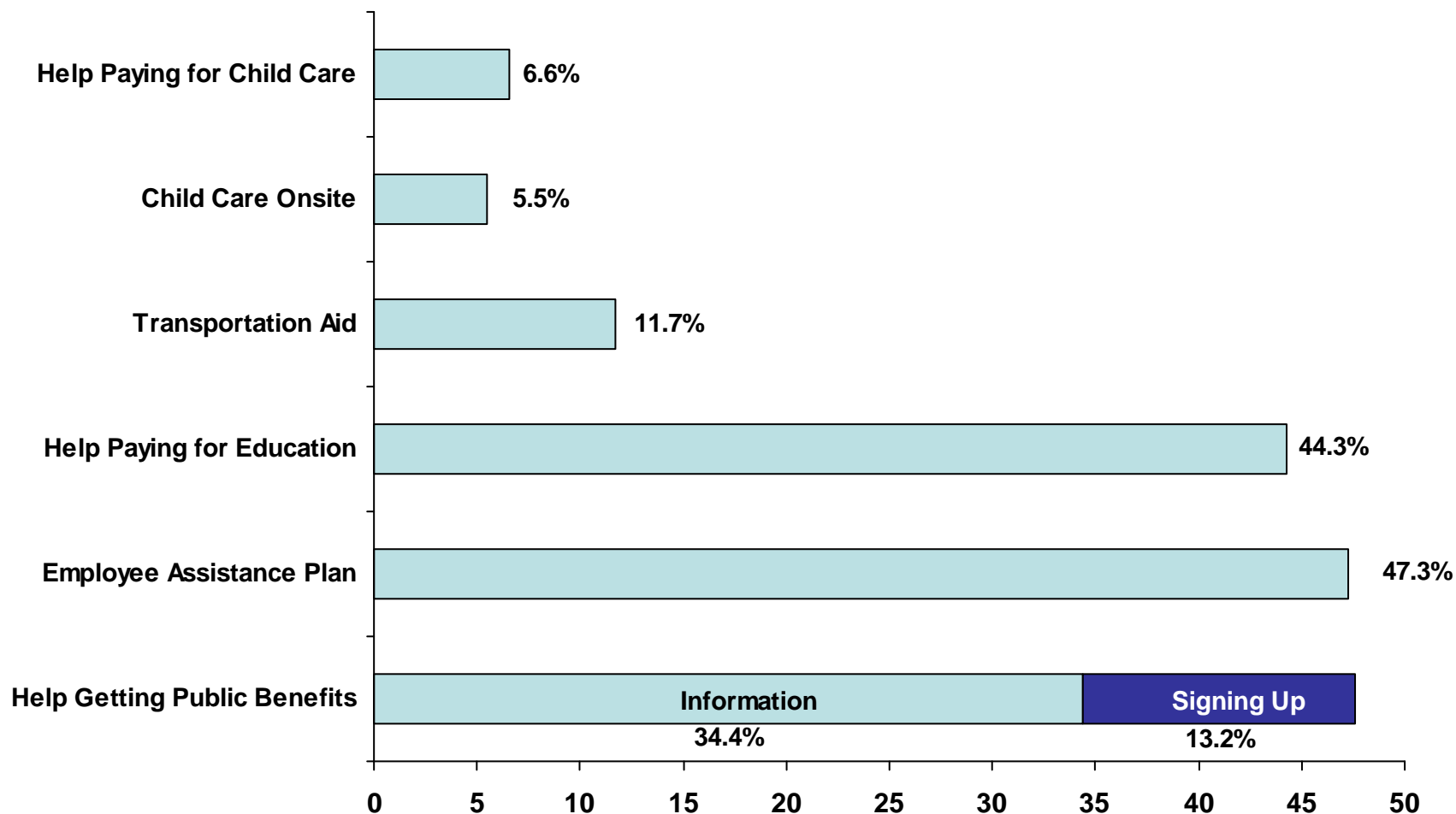
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Unpaid Leave to Care for Sick Child/Family Member of Employees Recently Hired into Noncollege Jobs



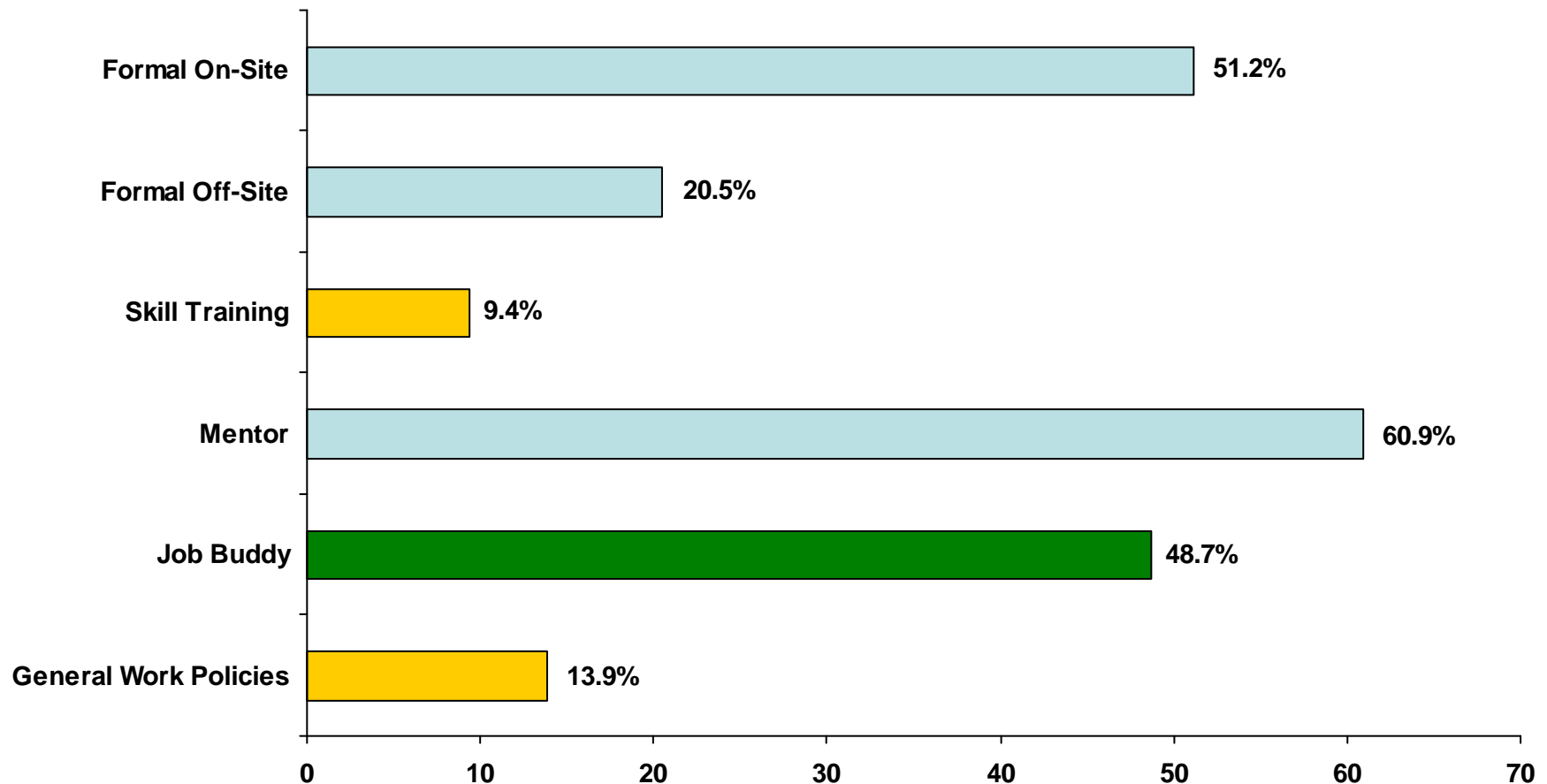
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Other Benefits for Employees Recently Hired into Noncollege Jobs



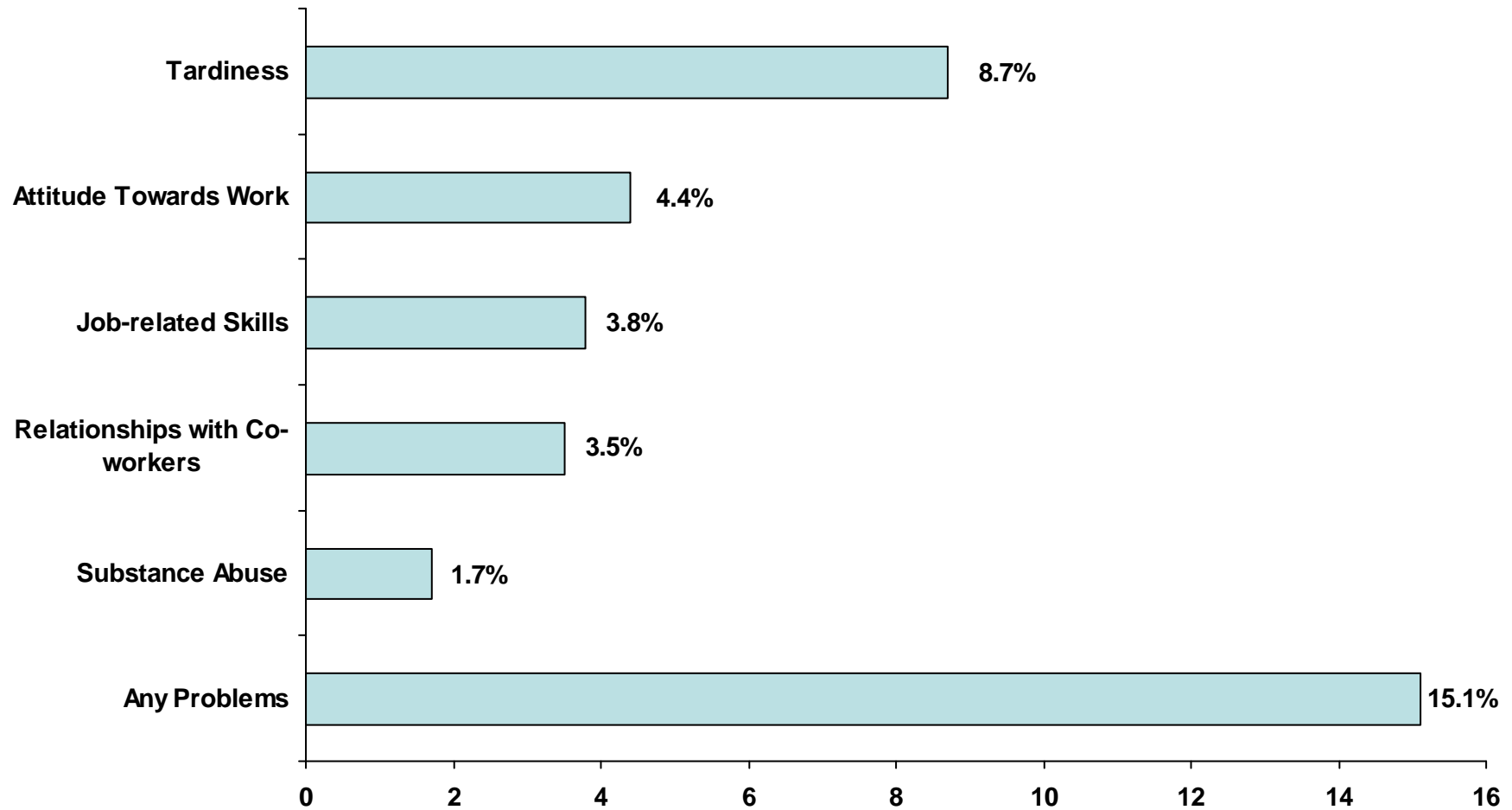
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Employer Provided Training on Recently Filled Noncollege Jobs



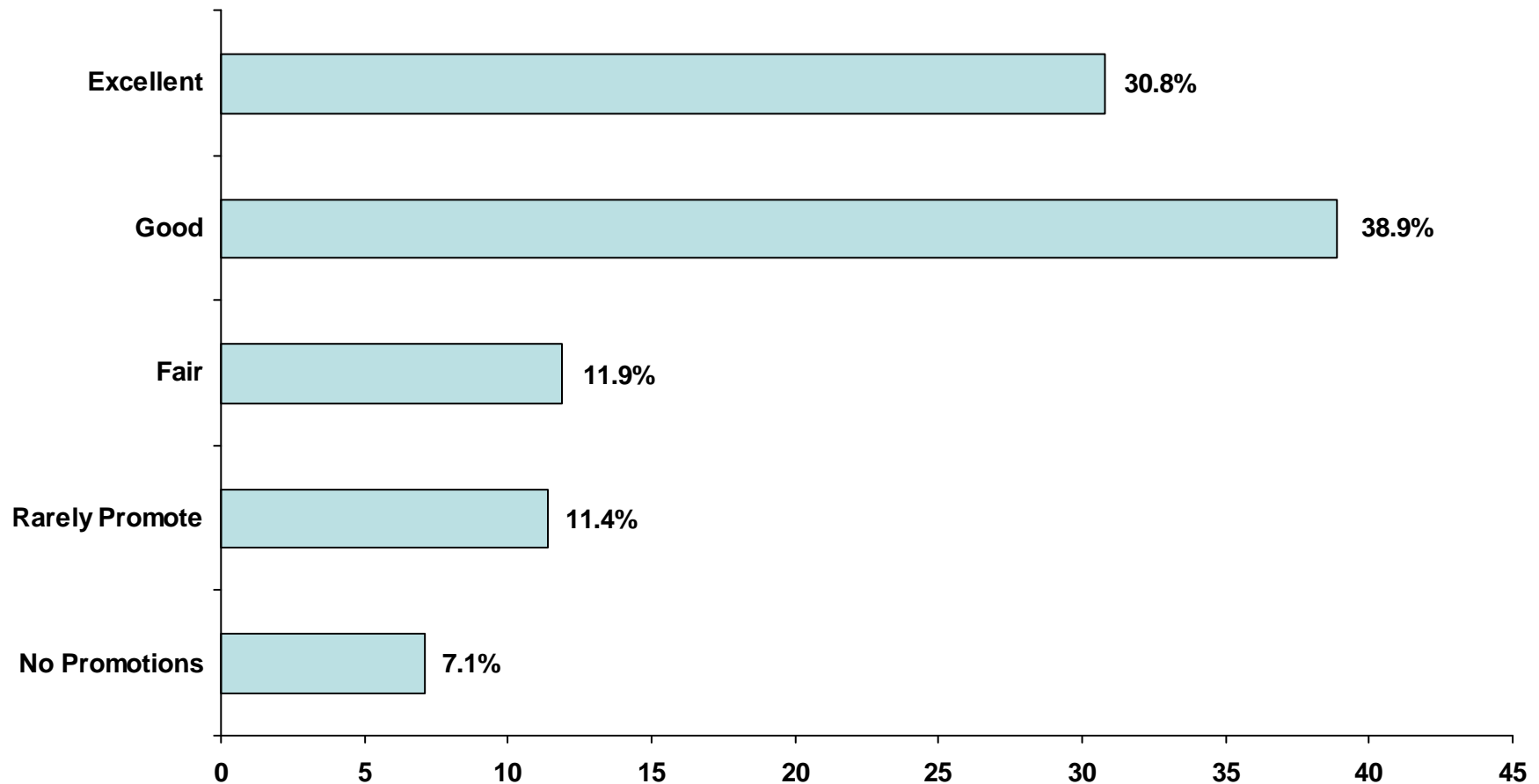
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Percent with Problems on the Job for Employees Recently Hired into Noncollege Jobs



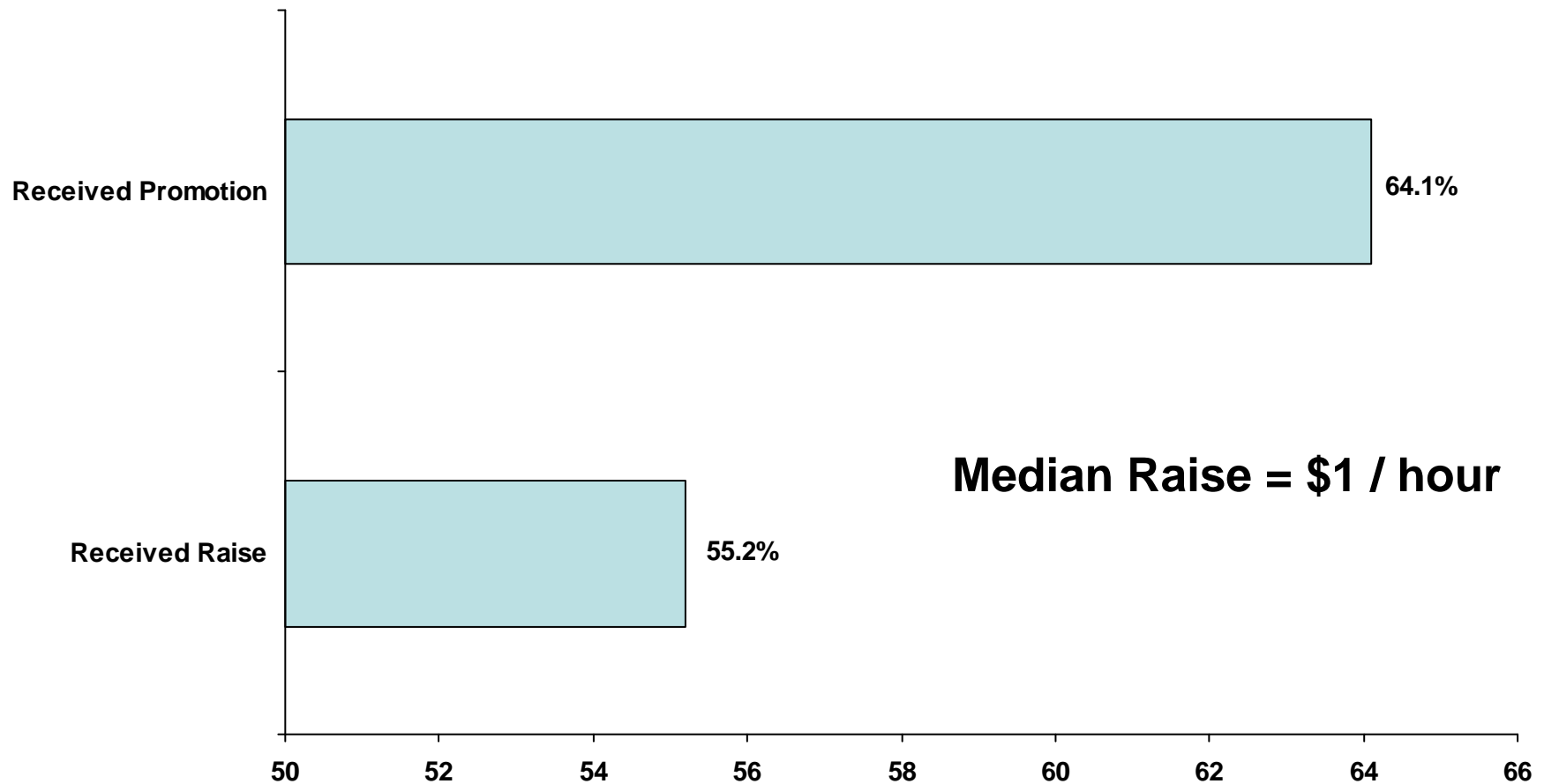
Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Typical Chance of Promotion for a Worker in this Job if Performs Well



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Worker Received Promotion or Raise for Those on Job 6+ Months



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

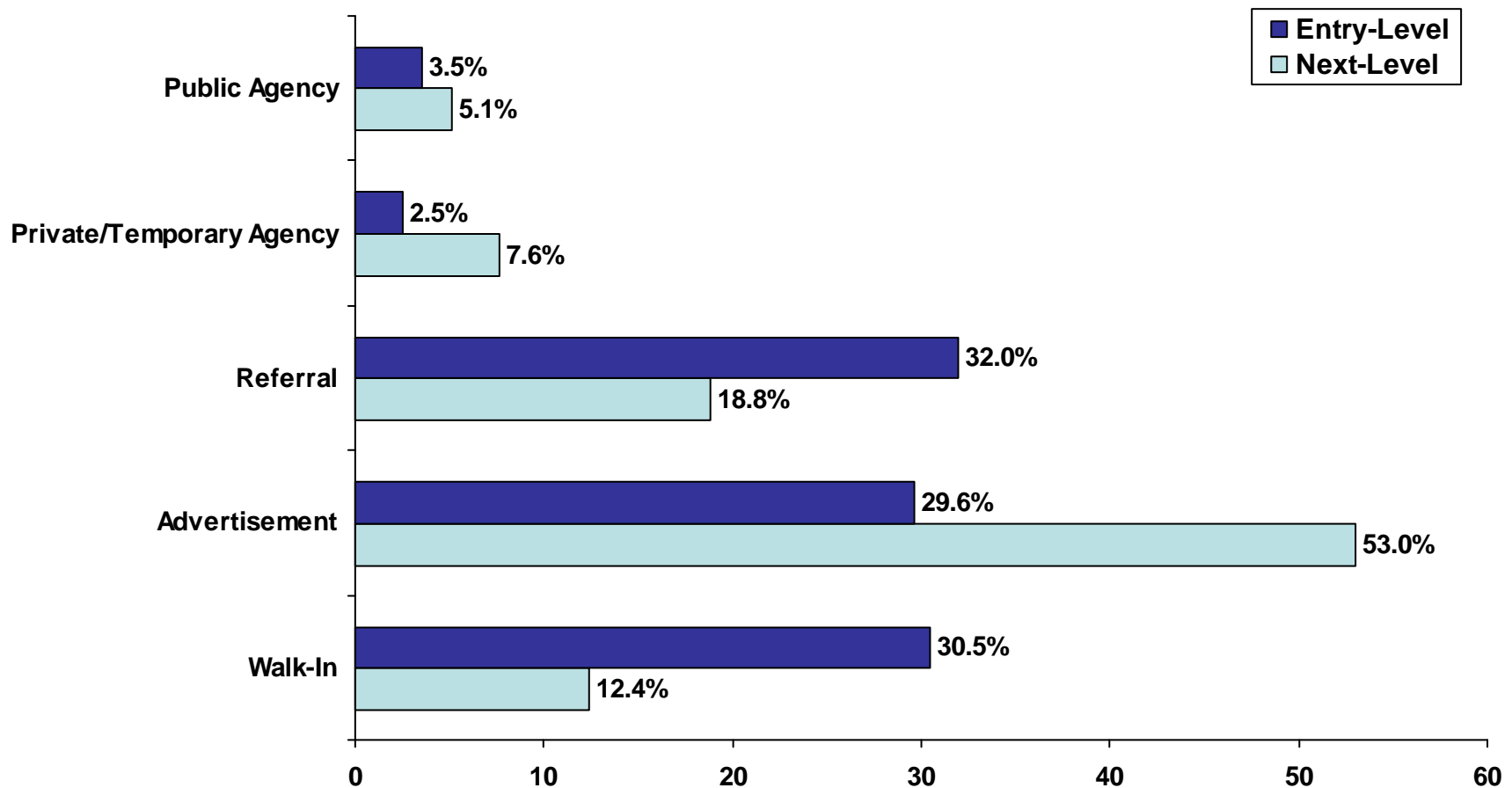
Definitions of Entry-Level and Next-Level Jobs

- **Entry Level Jobs (EL)**
 - High school, prior job experience, and previous skill training only somewhat or not very important for job
 - 31.8 percent of noncollege jobs
- **Next-Level Jobs (NL)**
 - Based on higher skill requirements
 - All other noncollege jobs (68.2 percent)

Entry-Level and Next-Level Jobs

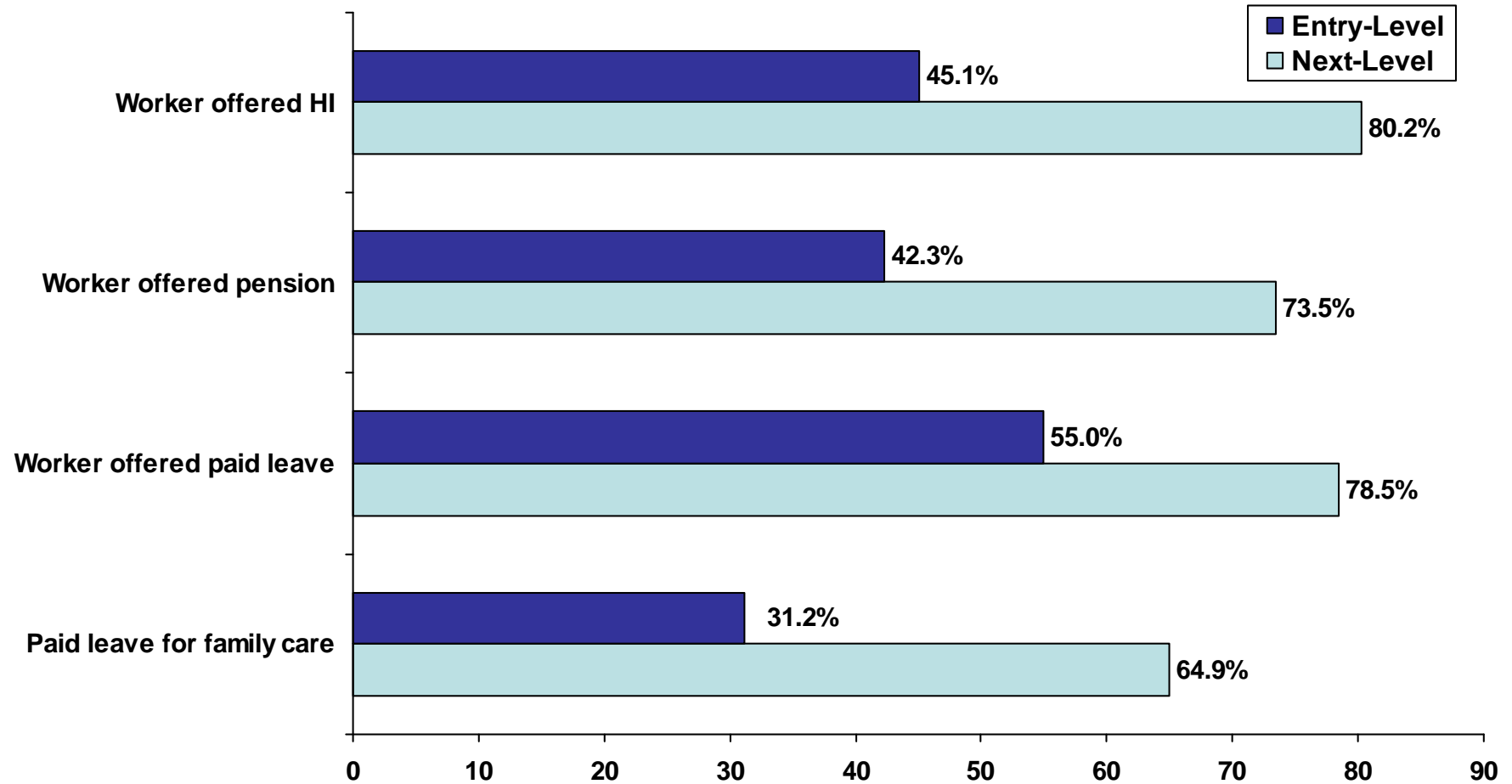
- Average Wage: (EL) Entry-Level: \$ 9.25
(NL) Next-Level: \$13.85
- Full Time: (EL) Entry-Level: 64.7%
(NL) Next-Level: 86.6%
- Rotating Shift: (EL) Entry Level: 19.3%
(NL) Next-Level: 6.4%

Job Search Methods for Filling Jobs by Requirements



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Benefits by Job Requirements



Source: Authors' tabulations of the Survey of Employers in the Low-Skill Labor Market.

Characteristics Associated with Next-Level Jobs

Next-Level results similar to wage results shown, with exceptions:

- High wage and benefits (\$10/hour HI and Paid Leave):
Training extremely important not significant; Daily reading strongly negative;
Race not significant; Construction not significant; Hired by referral strongly negative
- Higher Requirement Jobs:
Gender not significant; Specific skill training positive; FIRE industry negative; hired through employment agencies or advertisements highly positive (relative to walk-in)

Characteristics Associated with Excellent Chance of Promotion in Entry-Level Jobs

Little significant except higher promotion possibilities for

- Younger workers
- Construction, retail, finance, services industry jobs (vs. manufacturing)
- Employer offers formal training; for-profits
- Factors not significant: employer size or location; method of hire; full-time work

Summary of Key Findings

- Even in the less-skilled labor market, there are specific skills that are rewarded (e.g., jobs requiring writing and computer use carry wage premia).
- Although not many hires are made using workforce intermediaries, they are useful for entry-level jobs.
- Even among noncollege jobs with similar requirements and duties, pay differentials persist across employers based on industry, size, and unionization rates.
- Even among noncollege jobs with similar requirements and duties and with similar employer characteristics, pay differentials persist by race and sex.